



June 3, 2015

Mr. Peter Lindley, Secretary-Treasurer
Machinists AFL-CIO, Lodge 147
41 Lindley Avenue
North Kingstown, RI 02852

Case Number: 110-6003507()
LM Number: 011-875

Dear Mr. Lindley:

This office has recently completed an audit of Machinists Lodge 147 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on May 29, 2015, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Machinists Lodge 147's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Lodge 147 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$187.25. The secretary-treasurer paid for flowers for

a funeral with his personal credit card but did not retain a copy of the credit card statement and a union expense voucher to validate the disbursement with the union's records.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Record Receipts

Lodge 147 did not record in its receipts records a dues checkoff check received from District 26 totaling \$53.49. Lodge 147 retained the stub from the check but only noted \$15.49 on their receipts record. Union receipts records must include an adequate identification of all money received, and the source of the money.

Based on your assurance that Lodge 147 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report LM-3 filed by Machinists Lodge 147 for fiscal year ending December 31, 2013, was deficient in the following areas:

Disbursements to Officers and Stewards

Lodge 147 did not include some reimbursements made to officers totaling at least \$1,018 in the amounts reported in Item 24 (All Officers and Disbursements to Officers) and at least \$1,038 in dues reimbursements to stewards for performing union work in Item 46 (To Employees). For example, the lodge reported the salary authorized by the secretary treasurer in 2013, but failed to report salary earned in 2012 but actually received in 2013. It appears that the lodge erroneously reported these payments in Item 54 (Other Disbursements), Item 51 (Contributions, Gift, and Grants), and Item 48 (Office and Administrative Expense).

Machinists Lodge 147 must file an amended Form LM-4 for fiscal year ending December 31, 2013, to correct the deficient items discussed above. While Lodge 147 had filed an LM-3 Report, the audit revealed that the actual receipts were under \$10,000 and an LM-4 Report was the appropriate form to file. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-4 should be submitted to this office at the above address as soon as possible, but not later than June 29, 2015. Before filing,

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review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Machinists Lodge 147 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Anthony Cordo, President